

15 May 2009

The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

ALCHEMY ENHANCES POTENTIAL FOR HIGH GRADE IRON FORMATION AT THREE RIVERS

HIGHLIGHTS

- **14 of 37 rock chip samples grade above 60% Fe**
- **Highest grade recorded 65.48% Fe**

Alchemy Resources Limited (ASX Code: ALY) ("Alchemy") has completed a mapping and sampling program to follow up on the previously announced discovery of high-grade outcropping iron formations at the Valley Bore Target at the southern end of the Three Rivers Gold Project in the highly prospective Robinson Range in Western Australia's Gascoyne District (refer Figure 1).

Managing Director Michael Hannington said, "When we first sampled this area in July 2008 we were very encourage by the results. This second set of results confirms the Valley Bore Target as host to the best iron grades reported from the Robinson Range to date."

The outcrop sampled extends over 2 kilometres in length, and is contained within the recently granted Mining Lease, M52/844 (refer Figure 3). Alchemy's two programs of field mapping and rock chip sampling has confirmed the wide surface extent of high grade iron formation. The next stage of exploration will be to determine the depth extent of the iron formation.

Alchemy's exploration focus on this project is strengthened by mapping undertaken in 1969 by a WA Government geologist and reported in GSWA Record 1970/6. The specific area covered by Alchemy's tenement was identified in the GSWA Record as "area A", potentially hosting 16Mt of hematite iron ore if the ore "persisted to 200 feet (61m) depth" (refer Figures 2 and 3).

Alchemy is also pleased that recent announcements by the Federal and State Governments to provide funding for the development of the Oakajee Port and Midwest rail infrastructure will assist in unlocking the iron deposits in the Robinson Range and provide an economic means of transporting and shipping ore from this region.

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Mr Hannington said, "Whilst Alchemy is a focussed gold explorer moving towards development of its Three Rivers Gold Project, the strategic location and high iron grades reported on M52/844 significantly enhances our ability to realise near term value for our shareholders. However, as this will not be a core asset of the Company, we may consider divestment of it in the future."

ENDS

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The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Cowin, who is a Member of the Australasian Institute of Geoscientists and is an employee of Cowin Holdings Pty Ltd which consults to Alchemy Resources Limited. Mr Cowin has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Cowin consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Figure 1. Three Rivers Project Location and Regional Geology

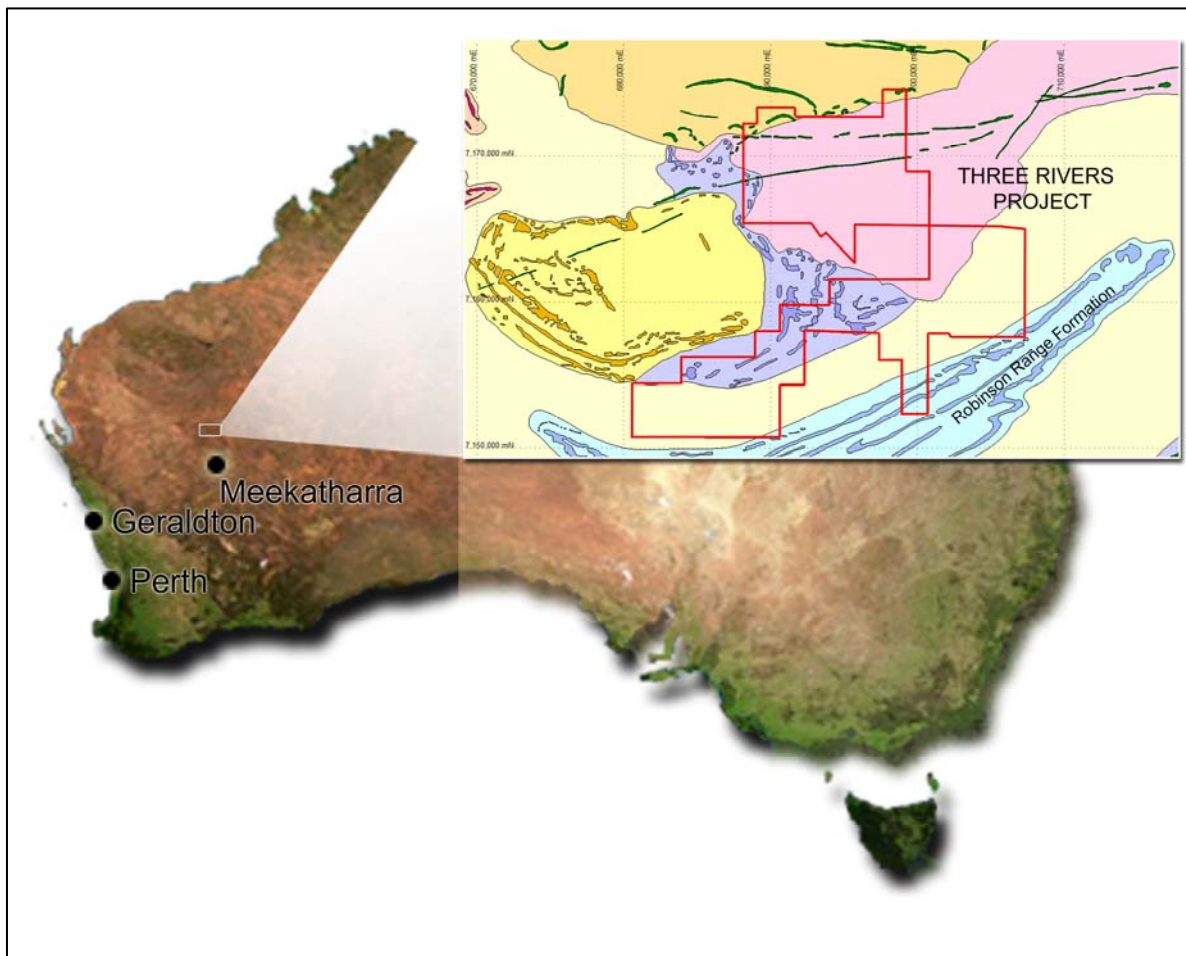
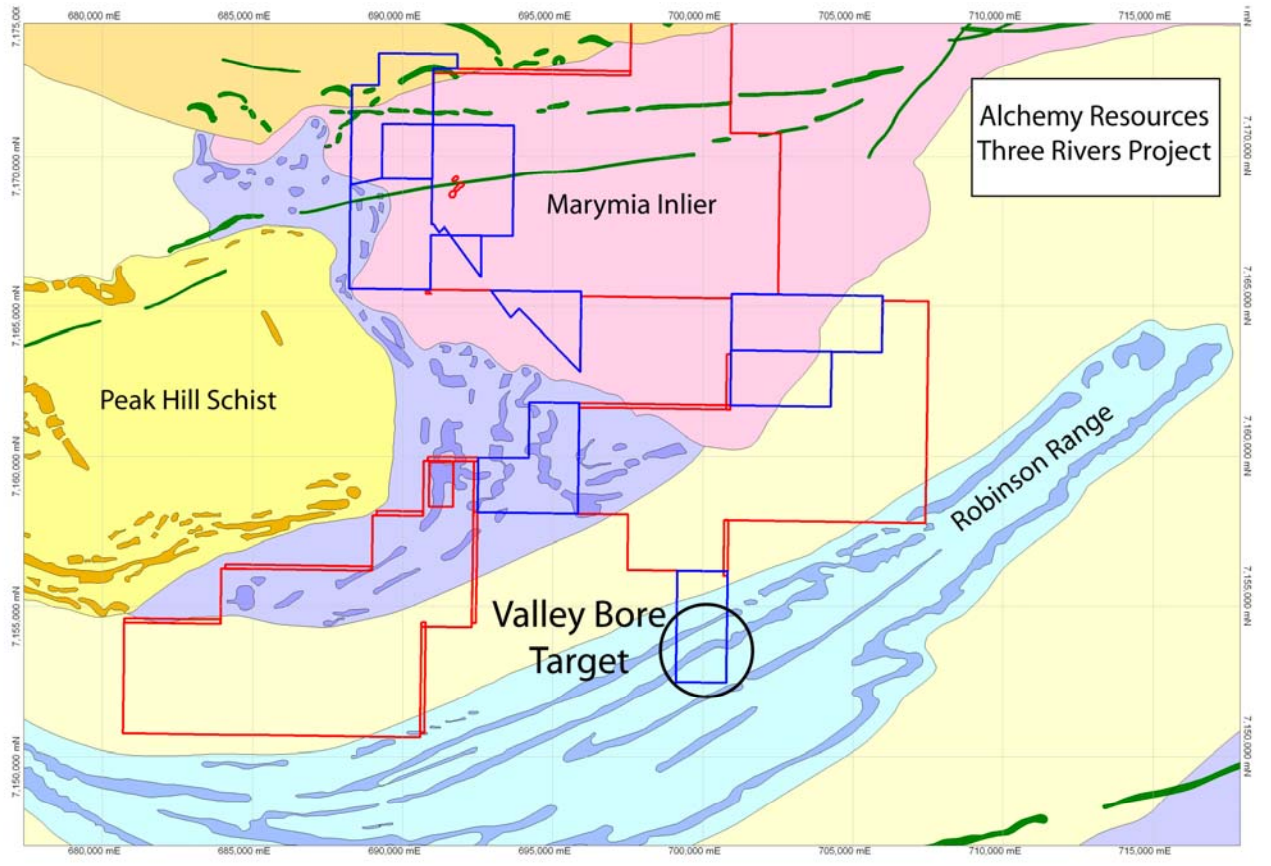


Figure 2. Robinson Range, Valley Bore high grade iron formation target



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Figure 3. Valley Bore target, M52/844 - sample locations and iron grade

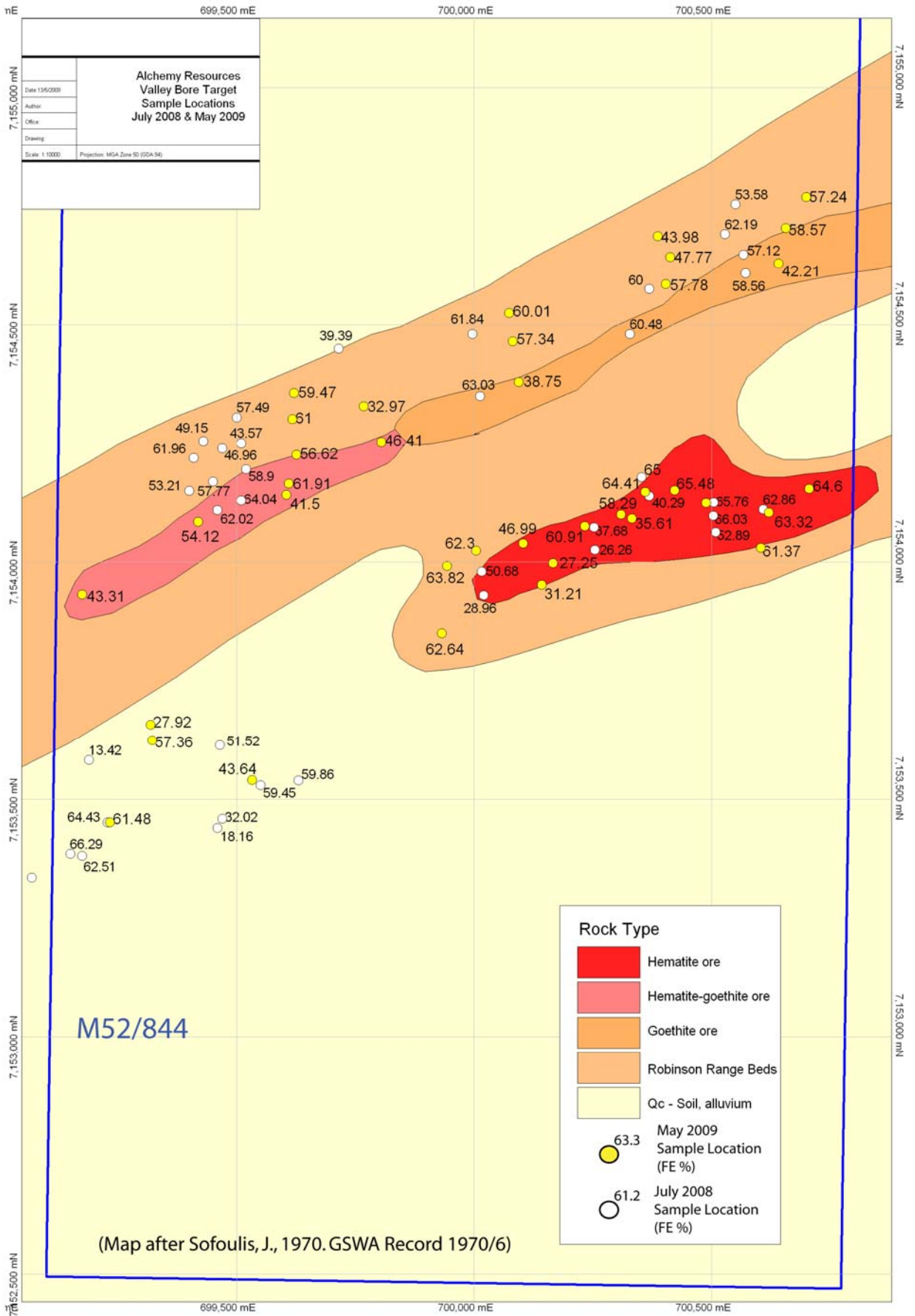


Table 1: Assay results for Valley Bore Target

Sample No	East MGA50	North MGA50	Fe %	SiO2 %	Al2O3 %	P %	S %	LOI 1000.00
ALC638017	700422	7154151	65.48	1.40	1.25	0.092	0.066	3.38
ALC638016	700360	7154148	65.00	1.94	1.58	0.058	0.096	2.80
ALC638020	700705	7154155	64.60	1.47	1.80	0.621	0.179	2.30
ALC638018	700488	7154125	64.41	1.63	1.62	0.169	0.171	3.75
ALC638011	699943	7153992	63.82	2.98	1.76	0.103	0.129	2.89
ALC638019	700620	7154105	63.32	2.08	1.92	0.072	0.118	4.55
ALC638041	699932	7153850	62.64	2.09	2.16	0.045	0.059	5.13
ALC638012	700004	7154024	62.30	4.90	1.67	0.052	0.080	3.04
ALC638043	699610	7154166	61.91	1.83	0.62	0.585	0.010	7.38
ALC638023	699233	7153452	61.48	4.55	3.38	0.042	0.080	3.82
ALC638040	700603	7154030	61.37	4.49	3.79	0.058	0.039	3.40
ALC638045	699617	7154301	61.00	1.41	1.47	0.250	0.055	8.67
ALC638014	700233	7154076	60.91	6.90	1.73	0.048	0.153	2.38
ALC638030	700073	7154524	60.01	2.65	1.33	0.189	0.046	9.03
ALC638046	699621	7154356	59.47	2.39	1.34	0.466	0.051	9.89
ALC638035	700656	7154704	58.57	1.98	1.57	0.488	0.037	11.49
ALC638015	700309	7154100	58.29	11.42	1.42	0.057	0.147	3.20
ALC638033	700403	7154585	57.78	3.60	1.03	0.624	0.026	10.86
ALC638021	699322	7153625	57.36	3.80	1.41	0.022	0.049	11.57
ALC638029	700081	7154465	57.34	5.23	1.19	0.357	0.052	10.54
ALC638036	700699	7154769	57.24	7.06	0.59	0.377	0.021	8.93
ALC638044	699626	7154227	56.62	8.81	2.51	0.166	0.068	6.22
ALC638025	699419	7154085	54.12	7.91	2.11	0.538	0.039	10.50
ALC638032	700412	7154643	47.77	23.81	0.62	0.263	0.020	6.37
ALC638013	700103	7154039	46.99	29.07	1.17	0.068	0.036	2.09
ALC638027	699805	7154253	46.41	28.74	0.56	0.234	0.013	3.50
ALC638031	700386	7154687	43.98	30.38	0.74	0.132	0.018	5.26
ALC638022	699533	7153541	43.64	29.23	3.86	0.029	0.033	3.48
ALC638024	699175	7153932	43.31	27.03	1.96	0.344	0.052	7.37
ALC638034	700640	7154629	42.21	28.96	0.58	0.637	0.027	8.31
ALC638042	699605	7154142	41.50	27.85	2.02	0.563	0.030	8.39
ALC638028	700094	7154379	39.02	39.85	0.61	0.175	0.034	3.12
ALC638039	700332	7154092	35.61	44.49	0.79	0.063	0.039	2.93
ALC638026	699767	7154328	32.97	44.99	0.96	0.195	0.024	5.96
ALC638037	700142	7153952	31.21	51.96	1.24	0.022	0.011	1.33
ALC638010	699319	7153658	27.92	55.82	1.07	0.037	0.034	1.13
ALC638038	700166	7153998	27.25	57.81	0.45	0.034	0.052	2.19

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